

HMRC Let Property Campaign

In September 2013, HM Revenue & Customs (HMRC) launched the 'Let Property Campaign', a nationwide campaign to target residential property landlords who were not declaring their rental income. The campaign gives landlords of residential letting property in the UK or abroad to voluntarily bring their tax affairs up to date and get the best possible terms to settle any tax that may be owed.

The reason for this campaign being launched is that officials have estimated that there could be 1.5 million landlords in the UK, yet HMRC records show approximately one third of that figure.

Since the campaign was launched, HMRC have started the laborious task of checking all the information they can to track down individuals they believe should be declaring income from property. They are using data received from housing benefits claims, the Land Registry and from organisations such as letting agents.

Who can make a disclosure under the scheme?

You can make a disclosure of previously undisclosed rental income to HMRC under the Let Property Campaign if you are an individual landlord renting out residential property. The scheme is not open to limited companies or trustees, nor is it available for commercial property.

This means you can use the scheme to tell HMRC about income you:

- rent out a single property
- rent out multiple properties
- are a specialist landlord, eg student or workforce rentals
- rent out a room in your main home for more than the rent a room scheme threshold of £4,250 a year (£2,125 a year if letting the property jointly)
- are living abroad and renting out a property in the UK
- living in the UK and renting a property abroad
- renting out a holiday home, even if you use it yourself

There are many reasons why landlords might misunderstand the rules for disclosing income from property, but whether you misunderstood the rules or deliberately failed to disclose the income, you should use this campaign to notify HMRC, rather than waiting until they make the discovery and contact you.

How does the campaign work?

To make a disclosure under the campaign, you must first notify HMRC that you intend to use the campaign and you must do so either by completing and filing a notification form (available on the HMRC website <https://www.gov.uk/government/publications/let-property-campaign-notification-form>), or by telephoning the HMRC Let Property Campaign helpline 03000 514 479.

HMRC will acknowledge your notification and send you a case reference and disclosure form. You will then have three months to calculate and pay what you owe.

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Full details must be given when making the disclosure and calculating any tax due – see our residential letting guide for more details about allowable expenses and how rental income is assessed, especially if the property is held in joint names.

It is worth noting that extra care should be taken to ensure the correct expenses and allowances are claimed. If you receive state benefits, such as tax credits, the rental profit could affect benefits previously paid to you.

Interest and penalties

HMRC automatically charge daily interest on tax paid late – it is essential that you calculate interest correctly for the campaign disclosure as a failure to do so will result in the disclosure being rejected.

When HMRC charge penalties, they are usually calculated as a percentage of the tax underpaid and can be as high as 100%. Under this campaign, if you submit an accurate voluntary disclosure, the rate will be 10% or 20% and there is a possibility that it could be reduced to zero, depending on your circumstances. **NB** Higher penalties of up to 200% can be levied if the disclosure relates to overseas property – if you need to disclose an offshore liability, you will need to speak to the Let Property Campaign helpline for further instruction.

What happens if HMRC make the discovery

If HMRC discover that you receive income from property and you have not made a voluntary disclosure under this campaign, you will not only face higher penalties, but could also face criminal prosecution.

Need help?

Waveney Tax Solutions can deal with any notification and disclosure required under the Let Property Campaign. If you are worried, or need help please call 01502 370620 or 07919 924273, or alternatively email us on nina@waveneytaxsolutions.co.uk.